

**MCGREGOR MUNICIPAL UTILITIES**  
**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES**

**FOR THE PERIOD**  
**JULY 1, 2014 THROUGH JUNE 30, 2015**

**MCGREGOR MUNICIPAL UTILITIES  
MCGREGOR, IOWA**

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**MCGREGOR MUNICIPAL UTILITIES  
MCGREGOR, IOWA**

**OFFICIALS**

Name	Title	Term Expires
Charles Zahn	Chairman	December 2019
Dennis Regal	Secretary	December 2015
Craig Strutt	Trustee	December 2015
Tammy Kinley	Trustee	December 2017
Linda Boeke	Trustee	December 2016
Kris Eulberg	Office Administrator	Indefinite
Greg Schiller	Attorney	Indefinite

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

To the Board Chairman and  
Members of the Board of Trustees

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We have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa municipal utilities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the McGregor Municipal Utilities for the period July 1, 2014 through June 30, 2015. McGregor Municipal Utilities' management, which agreed to the performance of the procedures performed, is responsible for the Utilities' records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed selected Board of Trustee's meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the Utilities' internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the Office Administrator's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the Board of Trustees.
5. We reviewed Utility funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
7. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
8. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
9. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
10. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
11. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
12. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the Utility. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had we performed additional procedures, or had we performed an audit of the McGregor Municipal Utilities, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and customers of the McGregor Municipal Utilities and other parties to whom the McGregor Municipal Utilities may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the McGregor Municipal Utilities during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

*O'Connor Brooks & Co., P.C.*

Dubuque, Iowa

September 25, 2015

## **MCGREGOR MUNICIPAL UTILITIES**

### **DETAILED RECOMMENDATIONS**

**For the Period July 1, 2014 through June 30, 2015**

- A. Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. It was noted that one employee performs most duties over the areas of cash, receipts, disbursements, payroll, utility billing, and financial reporting.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the Utility should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including board trustees. We recommend that an employee or board trustee independent of the bank reconciliation function review the monthly bank reconciliations. This employee or board trustee should document their review by their signature or initials and the date of their review on the monthly bank reconciliations.